

**BACHELOR OF BUSINESS ADMINISTRATION
SIXTH SEMESTER [SPECIAL REPEAT]
WORKING CAPITAL MANAGEMENT
BBA – 605C**

**SET
A**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

(Objective)

Marks: 20

Choose the correct answer from the following:

1 × 20 = 20

1. The major current assets are.....
 - a. Cash and marketable securities
 - b. Accounts receivable (debtors)
 - c. Inventory (stock)
 - d. All of the above
2. There are two concepts of working capital-gross and.....
 - a. Zero
 - b. Net
 - c. Cumulative
 - d. Distinctive
3. Working capital is also known as..... capital.
 - a. Current asset
 - b. Operating
 - c. Projecting
 - d. Operational capital
4. What are the aspects of working capital management?
 - a. Inventory management
 - b. Receivable management
 - c. Cash management
 - d. All of the above
5. What is the primary focus of liquidity management within an organization?
 - a. Long-term investment decisions
 - b. Minimizing operational costs
 - c. Meeting immediate liabilities
 - d. Maximizing shareholder wealth
6. What does the estimation procedure for working capital requirements primarily involve?
 - a. Forecasting long-term investments
 - b. Analyzing competitor strategies
 - c. Projecting short-term financial
 - d. Evaluating market trends
7. Which of the following is NOT a component of working capital?
 - a. Accounts Payable
 - b. Long-term loans
 - c. Cash
 - d. Inventory
8. What is the primary purpose of estimating working capital requirements?
 - a. Maximizing shareholder's wealth
 - b. Minimizing operational costs
 - c. Ensuring solvency and liquidity
 - d. Expand market share

9. Which of the following techniques is commonly used to estimate the working capital requirements of a business?
 - a. Payback period analysis
 - b. Monte Carlo simulation
 - c. Cash budgeting
 - d. Internal rate of return
10. What does "EOQ" stand for in inventory management?
 - a. Efficient Order Quantity
 - b. Economic Order Quantity
 - c. Essential Order Quality
 - d. Effective Operational Quantity
11. What is the primary objective of investing surplus cash?
 - a. Maximizing short-term profits
 - b. Maintaining liquidity
 - c. Minimizing risk
 - d. Funding long-term investments
12. Which aspect of cash management focuses on minimizing the time between cash outflows and inflows?
 - a. Managing the float
 - b. Cash budgeting
 - c. Controlling cash disbursements
 - d. Investment of surplus cash
13. What is the primary cost associated with maintaining inventory?
 - a. Ordering cost
 - b. Carrying cost
 - c. Stockout cost
 - d. Holding cost
14. In ABC analysis, which category typically includes items with the highest value or importance?
 - a. Category A
 - b. Category B
 - c. Category C
 - d. None of the above
15. What is ABC analysis primarily used for?
 - a. Inventory management
 - b. Financial analysis
 - c. Market segmentation
 - d. Employee performance evaluation
16. What does "ABC" stand for in the context of inventory management?
 - a. Advanced Business Calculation
 - b. Annual Business Cycle
 - c. Always Better Control
 - d. Activity Based Costing
17. Which of the following is NOT a type of bank credit?
 - a. Revolving credit line
 - b. Letter of credit
 - c. Term loan
 - d. Commercial mortgage
18. The main objective of regulating bank credit in India is to.....
 - a. Increase interest rates
 - b. Stabilize inflation rates
 - c. Control money supply and credit flow
 - d. Encourage foreign investment
19. What is commercial paper in the context of financing?
 - a. A government-issued currency
 - b. A type of long-term bond
 - c. Short-term unsecured promissory notes
 - d. Long-term secured loans from banks

20. What is forfeiting in the context of finance?

- a. A method of inventory valuation
- b. Selling accounts receivable at a discount
- c. Purchasing inventory on credit
- d. An accounting technique for fixed assets

(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

[Answer question no.1 & any four (4) from the rest]

1. What do you mean by working capital? Briefly discuss the factors determining working capital requirements of an organization. 2+8=10
2. State the components of working capital. Also discuss the importance of optimum working capital. 5+5=10
3. Discuss the methods of estimation of working capital requirement. 10
4. What is a commercial paper? Explain *any three* features of a commercial paper. Also discuss the benefits of commercial paper. 2+3+5=10
5. Briefly explain the concept of receivable management? Elaborate the dimensions of receivable management. 3+7=10
6. Define factoring. Discuss the functions of factoring. 2+8=10
7. Explain inventory management. Elaborate the techniques of inventory management. 2+8=10
8. Write short notes on: 5+5=10
 - a) Cash Budget
 - b) Investment of surplus cash

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